

BOARD OF SUPERVISORS
COUNTY OF MADISON
PROPOSED SUPPLEMENTAL APPROPRIATION
DATE: 7/12/2022

FY2022

Type of Supplement	Interdepartmental transfer (same fund)
	Interfund transfer
X	Revenue/Expenditure offset
	Use of contingency
	Other use of fund balance not in original budget

PURPOSE: Supplemental request per School Board June 30, 2022 for FY22.

GL Account/Program	Account Type	Fund Name	Department	Object Code/Source	Debit	Credit
23-06 -63 -63000-9000	Exp	School Fund	Education	Pupil Transportation-General	75,000.00	
23-06 -64 -64000-9000	Exp	School Fund	Education	Operations & Maintenance-General	85,000.00	
23-06 -61 -61000-9007	Exp	School Fund	Education	Instruction-ESSER I and II	100,000.00	
23-06 -64 -63000-9002	Exp	School Fund	Education	Pupil Transportation - ESSER I and II	50,000.00	
23-06 -64 -64000-9002	Exp	School Fund	Education	Op & Maint - ESSER I and II	75,000.00	
23-06 -64 -68000-9002	Exp	School Fund	Education	Technology-ESSER I and II	30,000.00	
24-06 -65 -65000-9000	Exp	School Food Service Fund	Education	School-School Food	200,000.00	
23-330207	Rev	School Fund	Education	CARES Act - ESSER		255,000.00
23-241001	Rev	School Fund	Education	Sales Tax		160,000.00
24-330810	Rev	School Food Service Fund	Education	School Lunch Program		200,000.00

615,000.00 615,000.00

Amount for Board to vote on

615,000.00

Note: A debit charged to a budgeted expense line increases the appropriated expense; a credit charged to a budgeted expense line item decreases the appropriated expense. A credit charged to a budgeted revenue line item increases the anticipated revenue available.

Upon approval by the Board of Supervisors, the County Administrator shall forward a signed copy of the proposed supplement appropriation to the County Finance Director.

Jonathon R. Wearley, County Administrator

Date

7/13/22

FY2022 Proposed Supplemental Appropriation #31_07122022

Superintendent
Ms. Anna Graham

Assistant Superintendent
Mrs. Cathy Jones

Director of Finance
Ms. Tina Cropp



60 School Board Court
Madison, VA 22727

540-948-3780
540-948-5143 facsimile

MADISON COUNTY SCHOOL BOARD

June 30, 2022

Mr. Clay Jackson, Chairman
Madison County Board of Supervisors
302 Thrift Road
Madison, VA 22727

Dear Clay:

This morning the Madison County School Board approved a request to ask the Madison County Board of Supervisors for a total supplemental appropriation in the amount of \$615,000.

The breakdown by fund and function is as follows:

Operating Fund 6 Function 3000-\$75,000
Operating Fund 6 Function 4000-\$85,000
ESSER Fund 5 Function 1000-\$100,000
ESSER Fund 5 Function 3000-\$50,000
ESSER Fund 5 Function 4000-\$75,000
ESSER Fund 5 Function 8000-\$30,000
Food Services Fund 7-\$200,000
Total: \$615,000

This request is to increase the budget for needed expenditures and is not a request for additional local funding.

Sincerely,

Anna R. Graham
Superintendent of Schools

c: Jonathan Weakley
Bobby Frye
Michele Thacker
Tina Cropp

Madison Primary School
158 Primary School Drive
Madison, VA 22727
540 948 3781

Waverly Yowell Elementary School
1809 North Main Street
Madison, VA 22727
540 948 4511

William Wetzel Middle School
186 Mountaineer Lane
Madison, VA 22727
540 948 3783

Madison County High School
68 Mountaineer Lane
Madison, VA 22727
540 948 3785

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www2.madisonschools.k12.va.us



Madison County, VA

Lease Revenue Refunding Bonds, Series 2020B & C Summary of Terms and Conditions May 19, 2020

This Financing proposal is provided for discussion purposes only and does not represent a commitment from Key Government Finance, Inc. ("KGF"). This proposal and its terms are submitted on a confidential basis and shall not be disclosed to third parties (other than the Borrower's officers, directors, employees and advisors charged with reviewing and/or implementing the transactions contemplated hereby) without KGF's consent. This proposal is intended as an outline of certain material terms of the Facility and does not purport to summarize all of the conditions, covenants, representations, warranties and other provisions which would be contained in definitive documentation for the Facility contemplated hereby.

Key Government Finance, Inc., ("Lender") is pleased to provide the following term sheet for a direct purchase financing structure to Madison County, VA.

Lender:	Key Government Finance, Inc. ("Lender").
Issuer:	Industrial Development Authority of Madison County, VA ("Issuer").
Borrower:	Madison County, VA (the "County" or "Borrower").
Issue:	Tax-Exempt Lease Revenue Refunding Bond, Series 2020B (the "2020B Bond"). Taxable or Tax-Exempt Lease Revenue Refunding Bond, Series 2020C (the "2020C Bond").
Facility:	Direct Purchase of the 2020 Bonds by the Lender.
Amount:	<u>2020B</u> : \$1,750,000 <u>2020C</u> : \$6,700,000
Use of Proceeds:	<u>2020B</u> : The 2020B Bond is being issued in a principal amount not to exceed \$1,750,000 in order to (a) currently refund the outstanding principal balance of the County's Public Improvement Refunding Bond, Series 2017 and (b) pay for the costs of issuance of the 2020B Bond. <u>2020C</u> : The 2020C Bond is being issued in a principal amount not to exceed \$6,700,000 in order to (a) currently refund the outstanding principal balance of the County's Public Facility Lease Revenue Bond, Series 2013 and (b) pay for the costs of issuance of the 2020C Bond
Drawdown:	All funds will be drawn down at closing.
Final Maturity Date:	<u>2020B</u> : February 1, 2033. <u>2020C</u> : February 1, 2033.
Repayment:	Principal due annually beginning on February 1, 2021 through the Final Maturity Date as shown in the RFP. Interest due semi-annually on February 1 and August 1, commencing on February 1, 2021 until the Final Maturity Date.
Facility Term:	The anticipated closing date for this Facility is by June 26, 2020. KGF will purchase the 2020 Bonds through the Final Maturity Date.

Interest Rate Lock:

At the Borrower's request, the Lender can provide an interest rate lock option ("Interest Rate Lock") good through a June 26, 2020 closing date. The Interest Rate Lock will require a two party e-mail confirmation between Lender and Borrower to confirm the terms of the Interest Rate Lock as provided by Lender. If the Interest Rate Lock confirmation is not received by Lender within the specified time, or the Facility closes after the agreed upon lock period, the final interest rate will be subject to index between the proposal date and the closing date based on the change in the KeyCorp Cost of Funds index.

Based on market conditions as of May 19, 2020, the Interest Rate Lock option is quoted below. Any revision to the amortization that increases the average life of the financing may result in a re-pricing of the Interest Rate Lock provided.

This Interest Rate Lock needs to be accepted by the Borrower no later than May 26, 2020 and would be valid for closing on or before June 26, 2020. *The pricing below assumes that Lender will be awarded both the 2020B and 2020C Bonds.*

2020B Bond - Interest Rate Lock			
	Final Maturity Date	Weighted Average Life (Months)	Tax-Exempt Interest Rate
2020B – Option 1	February 1, 2033	97	2.868%
2020B – Option 2	February 1, 2033	83	2.583%

2020C Bond - Interest Rate Lock				
	Final Maturity Date	Weighted Average Life (Months)	Tax-Exempt Interest Rate	Taxable Interest Rate
2020C	February 1, 2033	87	2.636%	3.343%

Up-Front Fee:

\$0

Costs of Issuance:

Lender plans to use Kutak Rock LLP as outside legal counsel. Lender's Counsel fees will be paid by the Lender. Attorney contact information is provided below:

Andrew Romshek
Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
(402) 231-8797

Andrew.Romshek@KutakRock.com

Bradley Nielsen
Kutak Rock LLP
650 Farnam Street
Omaha, NE 68102
(402) 231-8780

bradley.nielsen@KutakRock.com

Prepayment:

The Facility may be prepaid in whole, but not in part, anytime at par.

Security:

Each of the 2020 Financings will be secured by the Moral Obligation pledge of the County's Board of Supervisors, a Lease Agreement between the Authority and the County, a Ground Lease on a County building(s), and an Assignment Agreement that would assign the leases to the lender as collateral or a comparable lease financing structure.

2020B: County-owned building to be determined. The 2020B Bond may be jointly secured with the 2020C Bond if both are awarded to the same lender.

2020C: Wetsel Middle School (insured value of \$14,164,640) or Madison High School (insured value of \$15,280,000) as selected by the County.

Financial Reporting:

Borrower shall provide directly to the Lender:

1. Annual audited financial statements within 270 days of Borrower's fiscal year end.

Default Rate:

3% above the current interest rate for any outstanding payments in default, upon the occurrence of a payment default longer than 90 days, the default interest rate shall apply to all outstanding principal, until the payment default has been cured.

Event of Taxability and Gross-Up Rate:	Usual and customary language for transactions of this nature. In the Event of Taxability, the 2020B Bond tax-exempt interest rate would convert to the taxable interest rate of 3.630% for option 1 and 3.270%, and the 2020C Bond tax-exempt interest rate would convert to the taxable interest rate as shown in the above pricing.
Increased Cost:	No increased cost provisions will be required by the Lender.
Documents:	<p>All documents shall be attorney prepared and in a form and substance acceptable to the Lender and its legal counsel, including legal opinions customary for transactions of this nature. Bond counsel will provide a Validity Opinion regarding the legality, validity, and enforceability of the Facility and a Tax Opinion regarding the tax-exempt nature of the interest earnings on the financing.</p> <p>No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation under this Agreement shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation.</p>
Credit Approval:	Lender has received a positive pre-screen for this transaction. The estimated amount of time required to obtain final credit approval is 2-5 business days after receipt of formal award assuming timely receipt of requested financial information, if any.
Conditions Precedent to Closing:	<p>Borrower's obligation will be subject to such terms and conditions that Lender may require with respect to this transaction, or as are customarily required with respect to similar credits and as set forth in the facility documents. Without limitation, such terms and conditions shall include:</p> <ol style="list-style-type: none"> 1. Absence of Default. 2. Accuracy of Representations and Warranties. 3. Negotiation and Execution of satisfactory closing documents. 4. Absence of material adverse change in financial condition of Borrower during the period from the date hereof to the Closing Date. 5. Formal credit approval by the Lender. 6. Flood certificates required. 7. Environmental indemnities and checklist required. 8. Proof of insurance for property loss or damage, liability and workers compensation 9. Title search required. 10. Proof of appropriation for current fiscal year required.
Firm Experience:	The Lender is a subsidiary of KeyBank, N.A. KGF's portfolio consists of over \$4.5 billion of tax-exempt and taxable leases, loans, and bonds for municipalities, not-for-profits, and manufacturers across the United States.
Other:	The Lender will make a loan by purchasing the 2020 Bonds under the following additional conditions: (i) the 2020 Bonds is not being registered under the Securities Act of 1933 and is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (ii) the Lender will hold the 2020 Bonds as one single debt instrument; (iii) no CUSIP numbers will be obtained for the 2020 Bonds; (iv) no final official Statement has been prepared in connection with the private placement of the 2020 Bonds; (v) the 2020 Bonds will not close through the DTC or any similar repository and will not be in book entry form; and (vi) the 2020 Bonds is not listed on any stock or other securities exchange.
Expiration Date:	May 26, 2020

Proposal Acceptance/Expiration

This proposal is issued in reliance upon the accuracy of all information presented by you to us and is contingent upon the absence of any material adverse change in your condition, financial or otherwise, from the condition as it was represented to us at the time of this proposal. This proposal is subject to our formal approval and the execution of documentation acceptable to each of us. **IT IS NOT A COMMITMENT BY US TO ENGAGE IN THIS TRANSACTION.**

(a) Key Government Finance ("KGF") is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to you with respect to the information and material contained in this communication; (b) KGF is acting for its own interests; and (c) you should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.

KGF (i) is an entity directly or indirectly controlled by a bank or under common control with a bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, and (ii) the present intent of the KGF, is to hold the municipal securities to maturity or earlier redemption or mandatory tender. Any placement agent, broker or financial advisor may rely upon the representations and warranties contained in this paragraph.

Lender notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, as amended and supplemented) (the "Patriot Act"), that Lender is required to obtain, verify and record all information that identifies Borrower, which information includes the name and address of Borrower and other information that will assist Lender to identify Borrower in accordance with the Patriot Act."

Lender acknowledges that, in connection with Borrower's compliance with any continuing disclosure undertakings (each, a "Continuing Disclosure Agreement") entered into by Borrower pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), Borrower may be required to file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("EMMA"), notice of its incurrence of its obligations under this Facility and notice of any accommodation, waiver, amendment, modification of terms or other similar events reflecting financial difficulties in connection with this Facility, in each case including a description of the material terms thereof (each such notice, an "EMMA Notice"). Borrower shall not file or submit or permit the filing or submission of any EMMA Notice that includes any of the following unredacted information regarding Lender or any Escrow Agent: physical or mailing addresses, account information, e-mail addresses, telephone numbers, fax numbers, tax identification numbers, or titles or signatures of officers, employees or other signatories. Borrower acknowledges and agrees that Lender is not responsible in connection with any EMMA Notice relating to this Facility for Borrower's compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with the Rule, any Continuing Disclosure Agreement or any applicable securities laws, including but not limited to those relating to the Rule.

If the outlined foregoing proposal is satisfactory, reflects an arrangement that suits the need of your organization and you would like Key to commence its due diligence process, please sign and return this proposal. The terms described in this proposal will expire on May 26, 2020 if we have not received an authorized signed copy on or before such date.

Thank you for allowing us the opportunity to present this Proposal. If you have any questions, please call me at 315-470-5180.

Sincerely,

Key Government Finance, Inc.

By: 

David Zapata
VP & East Region Manager
201 South Warren Street, 4th Floor
Syracuse, NY 13202
David_Zapata@keybank.com

APPROVED THIS _____ DAY OF _____, 20_____

Madison County, VA

By: _____

Print Name: _____

Title: _____

Bid Summary



	STERLING NATIONAL BANK	Key Government Finance
Purpose	2020A - New Money County Capital Projects 2020B - Refunding of Series 2017 Bond 2020C - Refunding of Series 2013 Bond	2020A - New Money County Capital Projects 2020B - Refunding of Series 2017 Bond 2020C - Refunding of Series 2013 Bond
Maximum Par Amount	2020A - \$16,600,000 2020B - \$1,750,000 2020C - \$6,700,000	2020A - No Bid 2020B - \$1,750,000 2020C - \$6,700,000
Tax Status	2020A - Tax-Exempt 2020B - Tax-Exempt 2020C - Provided Taxable and Tax-Exempt rates.	2020A - No Bid 2020B - Tax-Exempt 2020C - Provided Taxable and Tax-Exempt rates.
Security/Collateral	"Moral Obligation pledge of the County's Board of Supervisors, a Lease Agreement between the Authority and the County, a Ground Lease on one or more County buildings, and an Assignment Agreement that would assign the leases to the lender as collateral."	"Moral Obligation pledge of the County's Board of Supervisors, a Lease Agreement between the Authority and the County, a Ground Lease on a County building(s), and an Assignment Agreement that would assign the leases to the lender as collateral or a comparable lease financing structure."
Interest Rate	2020A Amortization 1 - 2.96% Amortization 2 - 3.00%	2020A No Bid
Interest Mode	2020B Amortization 1 - 2.45% Amortization 2 - 2.37%	2020B Amortization 1 - 2.868% Amortization 2 - 2.583%
Final Maturity	2020C Tax-Exempt - 2.39% Taxable - 3.19%	2020C Tax-Exempt - 2.636% Taxable - 3.343%
Prepayment Provisions	Fixed through Final Maturity. 2020A - February 1, 2041 2020B - February 1, 2033. 2020C - February 1, 2033. Before 1/31/2027 - No Call On or After 2/1/2017 - Prepayable in whole, but not in part, anytime at par.	Fixed through Final Maturity. 2020A - No Bid 2020B - February 1, 2033. 2020C - February 1, 2033. Prepayable in whole, but not in part, anytime at par.
Bank / Legal Fees	Not to exceed \$10,000 as total fee for Bank Counsel.	No up-front fee. Lender's Counsel fees will be paid by the Lender.
Proposal to be Accepted by	May 27, 2020.	May 26, 2020.
Proposal Expiration	June 26, 2020.	June 26, 2020.
Notes /	Select terms and conditions shown below. See complete proposal for full terms and conditions.	Select terms and conditions shown below. See complete proposal for full terms and conditions.
Other Terms & Conditions	Subject to Final Credit Approval. - Quoted interest rates are valid for a closing on or before June 26, 2020.	Subject to Final Credit Approval. - Above rates are quoted based on market conditions as of May 19, 2020. At the County's request, Key can provide a rate lock option good through a June 26, 2020 closing date. - The quoted interest rates assume that Key would be awarded both the 2020B and 2020C Bonds. - Gross-up Provision: In the Event of Taxability, the 2020B Bond's Tax-Exempt interest rate would convert to the Taxable interest rate of 3.630% for Amortization 1 and 3.270% for Amortization 2. The 2020C Bond would convert to the Taxable rate of 3.343%. - Conditions Precedent to Closing: see items 1 through 10 on pg. 3 of the proposal.

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